

# Financial Management Improvement Instructions, No. 4

## Job 2703

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CONTROL COPY

22 June 1960 HT

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FINANCIAL MANAGEMENT IMPROVEMENT INSTRUCTION NO. [REDACTED] - Revised  
SUBJECT: General - Implementation of Financial Management Program

SC [initials]  
JTB [initials]  
ROD [initials]  
MEM [initials]  
PAR [initials]

Specific - Controls of Costs from Indirect Obligations

RESCISSION: Financial Management Improvement Instruction No. [REDACTED] 10 June 59, 25X1A  
and Supplement No. 1 thereto, 6 August 59.

1. PURPOSE

Under the Agency's Financial Management Program cost limitations are established for three types of costs from indirect obligations (hereinafter referred to as "indirect costs"), namely, property, printing services, and books and publications. The purpose of this Instruction is to prescribe policy and responsibilities with respect to the maintenance of control procedures to assure that the indirect cost limitations for each cost center or group of cost centers are not exceeded.

2. POLICY

- a. Separate limitations shall be established by the Budget Division, Office of the Comptroller, for each of three types of indirect costs to be incurred by each cost center (or group of cost centers, where determined appropriate).
- b. Agency allottees shall not exceed the amount of indirect cost limitations authorized for their use.
- c. The three types of indirect costs are described briefly below:

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(1) Property

(a) Property cost limitations will control the cost of all materiel issued and the cost of materiel procured by direct purchase, both expendable and nonexpendable, except that common administrative items of property issued to headquarters components will be costed against an Office of Logistics cost account.

(b) Reissues of materiel may be made without charge to the cost limitation of any cost center when:

1. The reissue is of the same materiel (i.e., line item(s)) as was turned in and to the same cost center;
2. The reissue occurs in the same fiscal year in which the turn-in was made (regardless of the fiscal year in which the materiel was withdrawn from stock);
3. The materiel turned in was not unserviceable or obsolete;
4. The materiel is available for issue.

(2) Printing Services

Printing services limitations will control the use by Agency components of the printing services provided by the Printing Services Division, Office of Logistics. All work performed by, or orders

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placed for outside printing through, that Division will be costed against the printing services limitation to be established for each cost center (or group of cost centers, where determined appropriate).

(3) Books and Publications

Books and publications limitations will control the cost of books and publications which each cost center (or group of cost centers, where determined appropriate) can obtain through the services of the CIA Library/Office of Central Reference. All books and publications provided to Agency components will be costed against these indirect cost limitations based upon costing procedures in effect in that Office. In accordance with arrangements with the Office of Central Reference costs will be compiled and reported by the first eight digits only of the cost center account number.

- d. The cost of property, printing services, or books and publications provided in any fiscal year based upon requisitions placed in a prior fiscal year(s) shall be charged against the current year indirect cost limitation. Since the original amounts of cost limitations for any fiscal year will be based, primarily upon the allottee's estimate of requirements for that year under requisitions to be made in that year, the practice

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stated in the foregoing sentence will result in charges against the limitations not provided for therein. To compensate for such charges, additional authorizations may be requested by the allottees, if needed, based upon the amount of cost charges resulting from prior year requisitions.

3. RESPONSIBILITIES

a. Allottees shall be responsible for:

- (1) Maintaining control over the value of requisitions placed for materiel or services chargeable to indirect cost limitations in order not to exceed the cost limitations received.
- (2) Requesting the Budget Division, Office of the Comptroller, for any adjustments to approved cost limitations.
- (3) Reviewing, evaluating and taking appropriate action based upon reports of indirect costs.
- (4) Certifying through the use of a rubber stamp on each requisition for property, printing services and books and publications, before release to the Office of Logistics or the CIA Library/Office of Central Reference as applicable, that unused indirect cost limitation is available to cover the requisition. Each allottee shall obtain sufficient rubber stamps for his activity for this purpose in the format prescribed below:

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"I certify that cost limitation is available.

Requisition No. \_\_\_\_\_

Charge Cost Center No. \_\_\_\_\_

\_\_\_\_\_  
Authorizing Officer"

NOTE: The identification of charges set forth above by "Cost Center No." will permit the charge to cost of the proper cost center and, the accumulation of all charges to cost centers within an office or other grouping of cost centers for comparison with the limitation.

- b. Office of Comptroller shall issue cost limitations and maintain cost accounting and reporting procedures as required by this Instruction, including procedures for recording indirect costs reported by the Office of Logistics and the CIA Library/Office of Central Reference.
- c. Office of Logistics shall prepare and implement, in collaboration with the Office of the Comptroller, internal procedures as required by this Instruction.
- d. The CIA Library/Office of Central Reference shall provide financial data for use by the Office of the Comptroller in compiling cost information to be redistributed to using components, and furnish allottees, as stated in paragraph 4b with monthly lists of costs (issues) of books and publications.

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4. PROCEDURES

- a. A suggested procedure for maintaining control over indirect cost limitations is set forth in Attachment A.
- b. With respect to books and publications it may not be practical in many offices having small requirements for books and publications to maintain a formal control record over the requisitions (Form 1395) submitted to the CIA Library/Office of Central Reference. In the event that no formal record or listing is maintained of the requisitions for books and publications, a file of the copies of unfilled requisitions should be maintained, and as the issues are received, which are accompanied by a delivery copy of the requisition, the requisition should be withdrawn from the "unfilled" file and re-filed in a separate file of "filled" requisitions. In connection with subscription renewals, for which requisition forms are not required by OCR, memoranda should be used in the requisition files to cover such items. Monthly, allottees will be provided by the CIA/Library/Office of Central Reference with a report covering the cost centers under their jurisdiction, which will reflect for books and publications (1) the cost limitations, (2) the costs incurred (issues in detail), (3) the unfilled requisitions, and (4) the balances

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of the cost limitations. The data shown on this report, together with the file of "unfilled" requisitions, should furnish adequate control over the cost limitations for books and publications in instances where relatively small activity is present.

L. K. WHITE  
Deputy Director  
(Support)

ATTACHMENT:

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Suggested Procedure for Maintaining  
Control Over Costs from Indirect Obligations

1. GENERAL

To maintain control over limitations issued for costs from indirect obligations a separate Cost Limitation Control Record (Form No. 1642) may be maintained by the allottee for each cost center or group of cost centers for which an advice of cost limitation is received from the Budget Division, Office of the Comptroller. By maintaining a record of this type the allottee will know the status of each cost limitation and be assured that, insofar as possible, costs arising from requisitions will not exceed the amount of the cost limitation received.

2. PROCEDURE

a. The allottee will:

- (1) Record the amounts of cost limitation received, as shown on advices of cost limitations, in the "Limitation Received" column of the control record. The amount of the limitation will also be extended to the "Unused Limitation" column.
- (2) Requisitions for property shall be priced by the Logistics Officer of the requisitioning component; the estimated cost of requisitions for printing services shall be determined based upon a schedule of estimated costs to be provided to each allottee by the Printing Services Division, Office of

ATTACHMENT A

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Logistics; and requisitions for books and publications will be priced for recording on this record based on the best estimates possible by the allottee or obtained from the CIA Library/Office of Central Reference. The priced requisitions shall be forwarded to the individual maintaining the Cost Limitation Control Record for recording in the "Requisitions Issued" column (for books and publications the "Description" column should include a specific identification of the book or publication requisition for later use in identifying filled requisitions). All entries and adjustments in the "Requisitions Issued" column will be reflected in the "Unused Limitations" column. The individual designated to maintain the control records will certify on all copies of the requisitions that cost limitation is available. A rubber stamp shall be used for the certification which shall read as follows:

"I certify that Cost Limitation is available.

Requisition No. \_\_\_\_\_

Charge Cost Center No. \_\_\_\_\_

\_\_\_\_\_  
Authorizing Officer"

- (3) Entries shall be made in the "Deliveries Against Requisitions" column as follows:

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- (a) For property issues based upon detailed monthly listings to be provided by the Office of the Comptroller showing the cost of property issues;
  - (b) For printing services based upon documents to be provided by the Printing Services Division showing the cost of each job; and
  - (c) For books and publications based upon a monthly report to be provided by the CIA Library/Office of Central Reference which will reflect the cost of each requisition filled.
- (4) At the beginning of each fiscal year the total estimated value of prior year unfilled requisitions will be recorded in the requisition issued column as an obligation and as a reduction of the new fiscal year indirect cost limitation. In addition, the amount of deliveries against such requisitions shall be recorded as they occur on the prior year Form 1642, and any differences between the estimated value of the requisition and the actual cost shall be extended to the "Unused Limitations" column and such differences also shall be recorded on the current year Form 1642 as adjustments of the requisition issued column and the balance of the current year "Unused Limitation".

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DD/S 60-2466

27 June 1960

MEMORANDUM FOR: Comptroller

SUBJECT : Financial Management Improvement  
Instruction No. [REDACTED] (Revised)

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1. Last week I signed on behalf of the Deputy Director (Support) the Financial Management Improvement Instruction No. [REDACTED] since I understood that the changes reflected therein had to be disseminated by 1 July 1960.

2. However, I must comment that to me the wording of the instruction was both excessive and confusing. We have refrained from attempting to edit these instructions because of their technical nature, but this one was so unclear that I felt I should call it to your attention. It is requested that future issuances be carefully scrutinized from the standpoint of clarity and brevity prior to their release from the Office of the Comptroller.

SIGNED

H. Gates Lloyd  
Assistant Deputy Director  
(Support)

SA-DD/S:CND:fp(24 Jun 60)

Distribution:

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13 JUN 1960

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Proposed Revision of Reference

REFERENCE : Financial Management Improvement Instruction  
No. [REDACTED] dated 10 June 1959; subject:  
Controls of Costs from Indirect  
Obligations

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1. This memorandum contains a request for action in paragraph 3 below.

2. Reference sets forth policy and responsibilities with respect to the maintenance of control procedures for indirect cost limitations. This revision is required consistent with the change in policy for property procurement funding whereby all property will be charged against general procurement allotments and will be subject to property cost limitation control. The revision also sets forth the requirement that current year cost limitations for property, printing services, and books and publications will be charged for costs resulting from prior year requisitions and that additional cost limitation may be requested, if needed, to offset such costs. It further provides a suggested method for the maintenance of the Cost Limitation Control Record (Form 1642) to recognize such prior year charges to the current year cost limitations.

3. Subject is submitted for authentication for publication with AB distribution in sufficient time to place the issuance in the hands of personnel concerned not later than 30 June 1960.

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Deputy Comptroller

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Financial Management Improvement Instruction No. [REDACTED] - Revised

Subject: Controls of Costs from Indirect Obligations

CONCUR:

For the Deputy Director (Plans)

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[REDACTED]

SSA-DD/S

17 June 1960  
Date

For the Deputy Director (Intelligence)

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14 [REDACTED]

Assistant to the DD/I (Admin)

6/15/60  
Date

6/21/60

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